



# CITY OF WILLIAMSBURG

Finance Department

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January 24, 2003

Mr. James O. McReynolds, Administrator  
County of York  
P.O. Box 532  
Yorktown, VA 23690-0532

Dear Mr. McReynolds:

Enclosed are three copies of our independent auditor's report on the City of Williamsburg's Utility Fund for the year ended June 30, 2002. This report is required under the Memorandum of Understanding between our localities dated March 14, 1995.

The Statement of Operating Income and Expenses shows, for the second fiscal year in a row, an operating deficit. I have been in contact with your staff regarding the taxable status of the City-owned watershed properties located in York County. It is our understanding that the next two annual real estate tax billing periods will designate these properties as tax exempt as a result of the operating deficits of our Utility Fund for the years ending June 30<sup>th</sup>, 2001 and 2002.

Please feel free to contact me at 220-6187 if you should have any questions.

Sincerely,

A handwritten signature in cursive script, appearing to read "Philip Serra".

Philip Serra  
Director of Finance